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STATE FOR AMBASSADOR DAVID GROSS  
STATE PASS USTR FOR AUSTR BWEISEL, JJENSEN, AND JMCHALE  
COMMERCE FOR JBAKER

E.O. 12958: N/A  
TAGS: [ECPS](#) [ETRD](#) [EIND](#) [EINV](#) [ECON](#) [SN](#)  
SUBJECT: AMBASSADOR RAISES TELECOM AND MEDIA ISSUES WITH  
MICA MINISTER LEE

REFS: A) SINGAPORE 1119 B) SINGAPORE 946

¶1. (SBU) Summary: Singapore is close to a decision on local-leased ("last mile") circuit connections for U.S. and other telecom operators (a significant implementation issue under our bilateral Free Trade Agreement or FTA), Minister for Information, Communications and the Arts (MICA) Dr. LEE Boon Yang told the Ambassador in an April 10 meeting. The regulator's obligation was to the telecommunications industry and not to SingTel, the government-linked dominant carrier, he claimed. Regarding the possibility of more restrictive regulation of exclusivity agreements between pay television operators and content providers, the Minister expressed concern that the early entrant into a market (i.e., StarHub Cable Vision) might gather a "stranglehold" on the most compelling content. He stressed that his ministry would not stand idly by if the incumbent attempted to corner the market. End Summary.

#### Resolving FTA Telecom Commitments

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¶2. (SBU) Minister Lee asserted that the GOS had every intention of fulfilling its FTA commitments to offer local-leased circuit (LLC) connections at "reasonable (wholesale) rates" using open standard technical specifications (ref A). He said his office was "close to a decision" on an appeal made by SingTel late last year following the Infocomm Development Authority's (IDA) most recent decision concerning LLC's.

¶3. (SBU) Minister Lee detailed the long, drawn-out process associated with implementing these FTA commitments that commenced in May 2003. Observing that it was "taking too much time," he said that MICA must give SingTel the benefit of the law in terms of right of appeal, but stated that the intent was not to give SingTel an advantage. He assured the Ambassador that MICA was "not playing a game."

#### Lack of Transparency

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¶4. (SBU) Asked about the lack of transparency in MICA's appeal process, wherein industry -- in this case SingTel -- was allowed to make private appeals directly to the Minister, Minister Lee explained that, according to current regulation, no provision existed for other parties to participate. He argued that an open (transparent) approach "would pose difficulties," in particular since the private appeals process was designed

to protect commercially-sensitive information. The fact that the Minister could call for additional information from any source, including parties not involved in the appeal, partly opened the otherwise closed-door process, he said.

¶5. (SBU) Noting that both IDA and SingTel were government-linked entities, the Ambassador asked how this common parentage affected the adjudication process. The Minister explained that the two organizations operated at arm's length, and that the government had been successful in creating firewalls to prevent conflicts of interest. Minister Lee said that, from time to time, IDA's rulings were perceived as unfriendly to SingTel, but IDA's obligation was to the telecommunications industry, not to SingTel.

#### Media Exclusivity Agreements

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¶6. (SBU) Asked whether similar firewalls among government and government-linked entities existed with regard to regulating exclusivity arrangements between pay television operators and content providers, Minister Lee affirmed that the Media Development Authority (MDA) sought to ensure a level playing field (ref B). He explained that, in November 2003, the government had issued a tender for a second pay television license, but no one applied. He offered that the timing had not been ideal, coming right after SARS; Singapore also is at a disadvantage given that its market is both small and differentiated, with a multi-racial and multi-lingual audience.

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¶7. (SBU) Minister Lee said that MICA would not stand idly by if the incumbent, StarHub Cable Vision, tried to corner the market on the best content. He allowed that a 3- or 5-year exclusivity period would give other companies a chance: "this would allow an insurgent to enter the market and rise up against the incumbent." In contrast, a 10-year exclusivity agreement could preclude competition in the pay sector segment of television. The Minister said that MICA planned to re-offer a second pay television licence in the future, and suggested that new technologies such as distributing television over internet protocols might prove key to a new entrant in the market.

#### Bridging the Digital Divide

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¶8. (U) Minister Lee noted that he recently had proposed to Ambassador David Gross that we convene informal discussions on "How to Bridge the Digital Divide" during the September IMF/World Bank meetings in Singapore. Minister Lee explained that his proposal focused on how countries could catch up in today's high-tech world.

#### Cultural Ties

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¶9. (U) The Ambassador and Minister Lee also discussed the extensive cultural ties between the United States and Singapore, including the Embassy's American Connection ties with the National Library Board. The Minister expressed his hope that more Singaporean artists would be able to participate in U.S. events, noting that corporate support was critical.

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